

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

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ABC Announces Settlement in Napa Wine Labeling Case

(Sacramento) – California Department of Alcoholic Beverage Control (ABC) Director Jerry Jolly today announced a settlement in the Bronco Wine Company case involving a wine labeling issue that has been in litigation for the past four years, was ruled on by the California Supreme Court and appealed to the U.S. Supreme Court.

Beginning immediately, the Bronco Wine Company has agreed to produce and market, both nationally and internationally, three brand names (Napa Creek, Napa Ridge and Rutherford) only if they qualify for a Napa appellation of origin. The Napa appellation designation can only be applied if 75-percent of the grapes used for the product were grown in the Napa region.

“This has been a long legal battle, but the settlement implementing the California Supreme Court’s decision levels the playing field for all California vintners,” ABC Director Jerry Jolly said. “It also helps consumers by setting strict labeling standards so that the public can have confidence in the wine that it is buying.”

The settlement was facilitated by ABC after separate agreements were reached between the Bronco Wine Company and the Napa Valley Vintners Association, and ABC and the Bronco Wine Company. Under the terms of the settlement, the Bronco Wine Company will continue selling its existing limited inventory of wines that do not qualify until September 29, 2006. The extended time frame was necessary to put the global settlement into effect.

The Bronco Wine Company challenged California state law (Business and Professions Code Section 25241) regarding this labeling issue in the Third District Court of Appeals in December of 2000. In December of 2002, the Appeals Court issued a ruling declaring the new statute invalid and that it was pre-empted by federal regulations. On August 5, 2004 the California Supreme Court issued a unanimous decision that stated the California statute was not pre-empted by federal law and remanded the matter back to the District Court so it could consider the remainder of the claims raised by Bronco.

In May of 2005, the District Court of Appeal, in a 3-0 decision, denied all claims by Bronco.

On January 23, 2006 the U.S. Supreme Court denied Bronco’s attempt to have the labeling issue heard in the nation’s highest court. Since then, negotiations have been ongoing to settle this matter.

“This agreement is an example of how government can work best for the wineries, retailers who sell wine products and consumers,” ABC Director Jerry Jolly said.